



PLATINUM AUSTRALIA LIMITED

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Manager
Companies Announcements Office
Australian Stock Exchange Ltd
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Madam,

LONMIN PLC TO INVEST UP TO \$52 MILLION IN PLATINUM AUSTRALIA

The Board of Directors of Platinum Australia (“PLA”) Limited is pleased to announce that they have entered into a Share Subscription Agreement with Lonmin plc, (“Lonmin”). The Agreement makes provision for an initial \$12 million investment in PLA, with an entitlement to a further investment of \$40 million to acquire up to a 55% fully diluted interest in PLA.

The proposed investment will be in two tranches of shares. The first tranche of 23.08 million shares at \$0.52 per share will inject \$12 million into PLA and will primarily fund the Bankable Level Feasibility Study (“FS”) for the Panton Project. After the completion of the FS and on PLA securing finance, Lonmin can elect to subscribe for the second tranche of up to 66.75 million shares at \$0.60 per share. This will inject up to a further \$40.05 million into PLA and will provide a significant proportion of the project funding.

Lonmin is a publicly listed British mining company capitalized at some US\$2.7 billion, with its major asset being its platinum group metals operations in South Africa. Lonmin is the world’s third largest primary platinum producer and is the South African platinum industry’s lowest cost producer. Most of Lonmin’s production comes from the UG2 chromitite reef of the Bushveld Igneous Complex, which is similar to the chromitite reefs hosting most of the resource at the Panton Platinum-Palladium Project.

Lonmin will be entitled to Board representation in proportion to its investment. Lonmin’s industry expertise will be a beneficial addition to the Board of Directors.

The Panton Platinum-Palladium Project

PLA listed on the Australian Stock Exchange Limited on 6 October 2000 with the objective of conducting exploration and feasibility studies on the Panton Project, to determine whether it can be mined for the benefit of the shareholders and if so, to proceed as soon as practical to take maximum advantage of the prevailing high platinum and palladium prices.

Project Status

PLA has made rapid progress at Panton, drilling 60 drill holes and announcing in April an almost six-fold increase in mineral resources, from 387,000 ounces of platinum plus palladium plus gold at listing, to the current resource of 2.2 million ounces. In addition to the expanded resource, preliminary metallurgical testing, metallurgical process design, mine design and financial analysis indicate that a combination open cut and underground mine, producing concentrates containing platinum-palladium-gold and nickel-cobalt-copper is likely to be economic.

Accordingly, PLA intends to proceed with the FS, the objective of which is to enable PLA to raise project finance for the construction and commissioning of the Panton Project, provided projected returns are sufficiently attractive to warrant the investment. It is anticipated with the current scope that the FS will take approximately 9 months to complete. The Board of Directors believes that the FS will cost about \$10 million and that the likely capital cost of the project would be approximately \$80 million, depending on scale and other factors.

Developing the Panton Platinum-Palladium Project

The mining and production of platinum and palladium as the principal products has not been undertaken before in Australia. As a consequence, the obtaining of project finance is likely to be more time consuming than, for example, for a gold project, where technical and operator risks are well known from extensive Australian experience. For this reason and to reduce technical risk, the Board believes it would be advantageous for PLA to attract a world class platinum group metals producer as a major shareholder, having the same objectives as PLA.

The Agreement with Lonmin not only provides PLA with such a shareholder, but also provides an arrangement which ensures that the interests of all shareholders are aligned.

PLA will retain a 100% interest in and will continue to operate the Panton Project.

Project Financing

Lonmin has the right to provide project financing on commercial terms and has undertaken to provide PLA with such support as may be reasonably required to secure project financing in the event financing is to be provided by a third party.

Technical Assistance Agreement

Lonmin and PLA will also enter into a Technical Assistance Agreement where Lonmin will make available to PLA its extensive knowledge and experience in the mining and processing of platinum group metals. Lonmin's metallurgical experience with the UG2 chromitite reef is expected to be of particular benefit for the Panton Project.

Off-take Agreement

PLA has agreed to enter into a product off-take agreement with Lonmin that will entitle Lonmin to purchase PLA's final products at competitive market prices and terms.

Shareholder Approval

The Share Subscription Agreement is subject to regulatory approval and shareholder approval in general meeting. Full details of the proposed deal, together with an independent experts report will be mailed to shareholders within a few weeks.

The Board of Directors believe that this agreement will maximize existing shareholder value and provide a framework to enable PLA to develop the Panton Project to the benefit of all its shareholders.

Yours faithfully,
PLATINUM AUSTRALIA LIMITED

P.D. ALLCHURCH
Executive Chairman